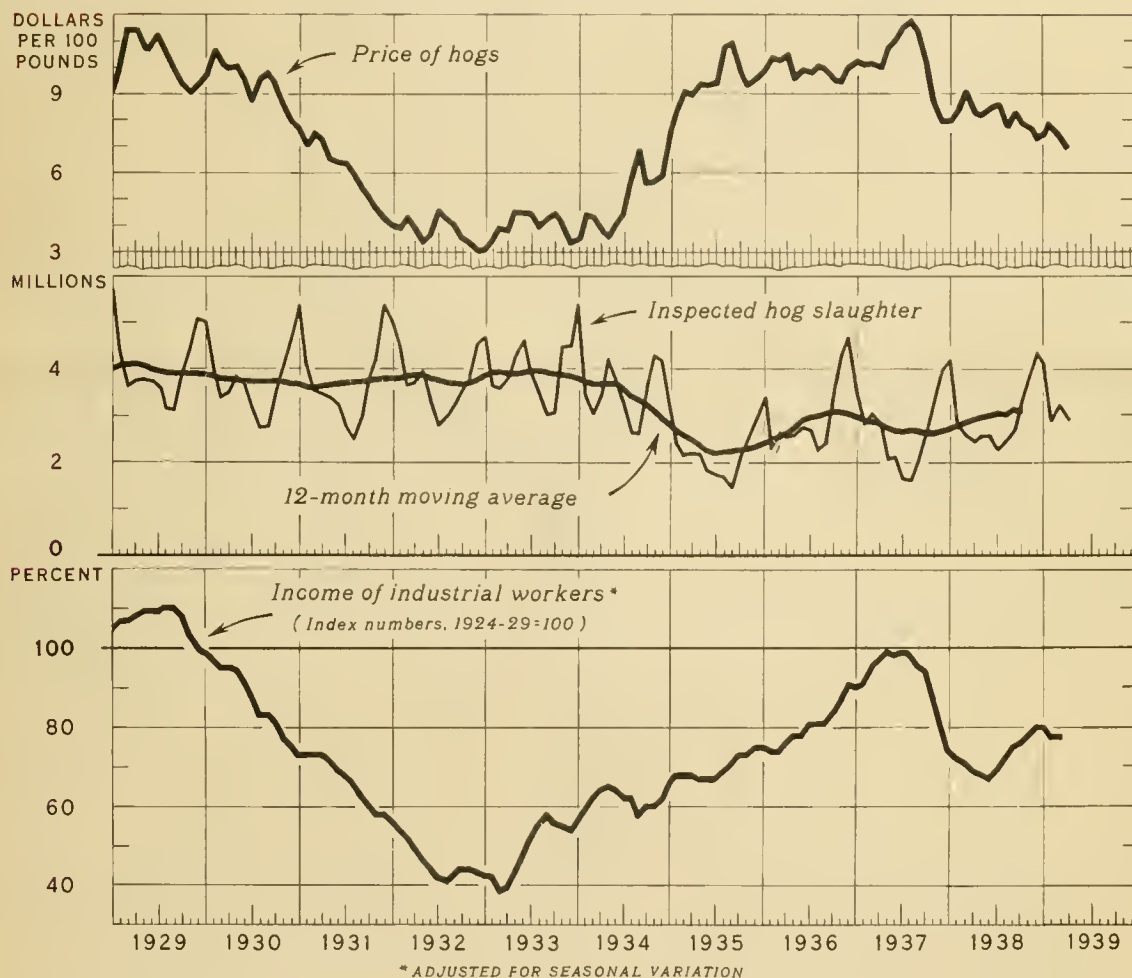


UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

MAY 18, 1939

THE HOG SITUATION

AVERAGE PRICE OF HOGS AT CHICAGO, FEDERALLY INSPECTED
SLAUGHTER OF HOGS, AND INCOME OF INDUSTRIAL
WORKERS, UNITED STATES, 1929-39



U. S. DEPARTMENT OF AGRICULTURE

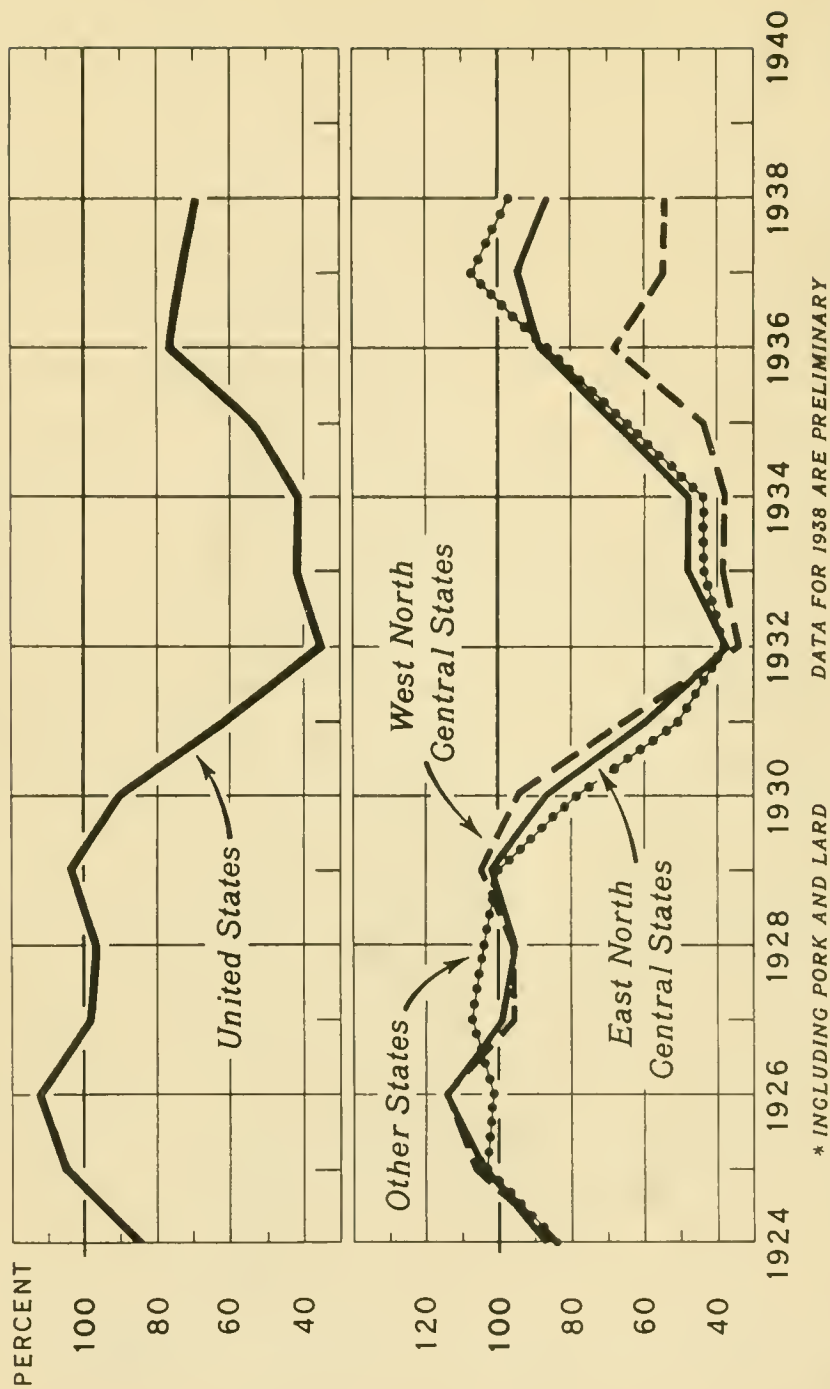
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THIS CHART INDICATES THE RELATIONSHIP OF CHANGES IN SLAUGHTER SUPPLIES OF HOGS AND CHANGES IN INCOME OF INDUSTRIAL WORKERS TO CHANGES IN HOG PRICES. AFTER DECLINING DURING THE LAST HALF OF 1938, HOG PRICES STRENGTHENED IN JANUARY AND FEBRUARY 1939, AS HOG SLAUGHTER WAS REDUCED. BUT PRICES WEAKENED SOMEWHAT IN MARCH AND APRIL, WITH A SLIGHT SEASONAL INCREASE IN SLAUGHTER DURING MARCH AND A SMALL DROP IN INCOME OF INDUSTRIAL WORKERS FROM JANUARY THROUGH MARCH.

CASH FARM INCOME FROM HOGS,* UNITED STATES, NORTH CENTRAL STATES, AND OTHER STATES, 1924-38

INDEX NUMBERS (1924-29 100)



U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 1.- CASH FARM INCOME FROM HOGS IN 1938 WAS ABOUT 5 PERCENT LESS THAN IN 1937. EXCEPT FOR 1936 AND 1937, INCOME FROM HOGS IN 1938 WAS THE LARGEST SINCE 1930. FROM 1934 THROUGH 1937 CASH FARM INCOME FROM HOGS IN THE WEST NORTH CENTRAL STATES INCREASED MUCH LESS THAN THE CASH INCOME FROM HOGS IN OTHER AREAS. THIS WAS DUE CHIEFLY TO THE GREATER SEVERITY OF THE 1934 AND 1936 DROUGHTS IN THE WEST NORTH CENTRAL STATES THAN IN OTHER REGIONS. MOST OF THE DECREASE IN HOG PRODUCTION AND MARKETINGS RESULTING FROM THE DROUGHTS TOOK PLACE IN THE WEST NORTH CENTRAL STATES.

T H E H O G S I T U A T I O N

Summary

Slaughter supplies of hogs for the 1939 summer marketing season, May-September, are expected by the Bureau of Agricultural Economics to be materially larger than during the summer season last year. But some seasonal reduction in supplies is probable after mid-summer. Consumer demand for hog products is likely to continue stronger than a year earlier during the next several months, but any improvement from present levels may not be great.

Relatively large losses of spring pigs have been reported in some areas. The average number of pigs saved per litter may be smaller than the record high average of last spring, but the reports in general indicate that the number of sows farrowing this spring is substantially larger than a year earlier. Despite the reports of heavy losses of spring pigs, it is expected that the 1939 spring pig crop will be considerably larger than the spring crop of 1938.

After declining sharply during March, prices of hogs weakened further in April. In early May the weekly average price of butcher hogs at Chicago was about \$6.90 compared with \$7.20 in late March and \$8.05 in late February.

Inspected hog slaughter for the entire month of April was somewhat smaller than in March, but the slaughter at 8 important centers increased considerably in late April. For the 1938-39 winter hog marketing season,

October-April, inspected hog slaughter was about 12 percent larger than in the 1937-38 winter season. This increase in slaughter reflects chiefly the larger pig crop in the spring of 1938 than in the spring of 1937.

Recent Publications

The following publications relating to livestock have been released recently by the Bureau of Agricultural Economics. Copies of these reports may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

- (1) Income from Cattle and Calves, Calendar Years 1909-37. Part I, Section 4 of a series of reports on Income Parity for Agriculture.
- (2) Income from Sheep and Lambs, Wool and Mohair, Calendar Years 1909-38. Part I, Section 6 of a series of reports on Income Parity for Agriculture.
- (3) Farm Production and Income from Meat Animals by States, 1937-38.
- (4) Direct Buying of Slaughter Livestock by Regions, 1923-27.

NOTE: This issue of The Hog Situation contains a special article on Income From Hogs in 1938.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Hog prices declined fairly sharply in late summer and fall of 1938 chiefly because of a rather large increase in hog marketings. Marketings decreased in January and February and prices rose moderately. Thus far in the present hog marketing year supplies of hogs marketed have been larger than a year earlier, reflecting chiefly the 13 percent increase in the 1938 spring pig crop over that of 1937. The 1938 fall pig crop was 18 percent greater than the fall crop of 1937.

Decline in hog prices continues in April

After declining sharply during March, hog prices continued to weaken during April. For the week ended May 5, the average price of butcher hogs at Chicago was about \$6.90 compared with \$7.20 in late March and \$8.05 in late February. The drop in prices in the past 2 months reflects partly the increase in marketings during March and also a slight weakness in consumer demand for hog products since January.

Marketings reduced in April

Inspected hog slaughter in April, totaling 2,931,000 head, was about 300,000 head smaller than in March. But it was about 470,000 head greater than the slaughter in April last year. Slaughter in March was somewhat larger than in February, but this increase was due chiefly to the fact that March is a longer month than February.

For the 1938-39 winter marketing season, October through April, inspected slaughter of hogs totaled 24.7 million head and was 12 percent larger than that of the winter season of 1937-38.

Little change in storage stocks during April

Stocks of pork and lard on May 1 were about the same as on April 1. Storage holdings of pork on May 1 were about 5 percent larger than a year earlier, but they were about 14 percent smaller than the 1933-37 average for that date. May 1 stocks of lard were slightly larger than those of May 1 last year and they were about the same as the 5-year average.

Storage holdings of pork and lard on the first of the month,
specified months, average 1933-37, 1937-38 and 1938-39

| Month | 5-year average | | 1937-38 | | 1938-39 | |
|-------|----------------|---------|---------|---------|---------|---------|
| | 1933-37 | | | | | |
| | Pork | Lard | Pork | Lard | Pork | Lard |
| | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. |
| Oct. | 415 | 108 | 283 | 73 | 277 | 90 |
| Dec. | 425 | 80 | 307 | 34 | 299 | 74 |
| Feb. | 630 | 118 | 554 | 99 | 526 | 132 |
| Mar. | 647 | 125 | 583 | 117 | 542 | 125 |
| Apr. | 620 | 127 | 544 | 121 | 523 | 129 |
| May | 613 | 129 | 501 | 122 | 1/526 | 1/129 |

1/ Preliminary.

Pork exports increase in March - lard exports reduced

Exports of pork in March, totaling about 10.9 million pounds, were nearly 3 million pounds larger than in February and about 2 million pounds larger than in March last year. A large part of the increase over a month earlier and over a year earlier occurred in shipments of hams and shoulders, most of which were consigned to Great Britain. Exports of fresh pork in March also were larger than in March last year.

Lard exports in March totaled 22 million pounds, about 2 million pounds less than in February but 6 million pounds more than in March 1938. About two-thirds of the increase in the March exports over a year earlier was in takings by Great Britain, the leading foreign outlet for United States lard.

Pork imports in March, totaling about 4.6 million pounds, were slightly larger than in the preceding month, but about 2 million pounds less than in March last year.

OUTLOOK

As summarized in the April issue of the Hog Situation, the important factors in the hog outlook are:

(1) The 1939 spring pig crop probably will be considerably larger than that of 1938. In view of the fact that hog prices are high in relation to corn prices and feed supplies generally are abundant, the 1939 fall pig crop may be larger than that of 1938. Larger pig crops this year will mean that slaughter supplies of hogs in the 1939-40 marketing year, which begins next October, will be materially greater than in the current hog marketing year.

(2) Supplies of hogs for slaughter in the remainder of the 1938-39 marketing year are expected to continue larger than those of a year earlier. The increase in this period will reflect chiefly the larger fall pig crop in 1938 than in 1937.

(3) Consumer demand for hog products for the entire year 1939 probably will average stronger than in 1938, as incomes of consumers are expected to be greater this year than last. In the early months of the present year this demand was somewhat stronger than a year earlier. But any improvement in consumer demand from present levels, during the remainder of 1939, probably will not be marked.

Seasonal changes in hog marketings

Although hog marketings for the entire month of April were somewhat smaller than in March, market supplies increased materially in late April. A further increase is expected in the next few weeks as marketings of fall pigs increase seasonally. For the entire summer season, May through September, inspected slaughter of hogs probably will be the largest for the period since 1933-34. Some seasonal reduction in hog marketings, however, is likely during the late summer.

Losses of spring pigs

Relatively heavy losses of spring pigs have been reported in some areas of the Corn Belt, but the extent of these losses is not known. Reports generally indicate, however, that the number of sows farrowed this spring was considerably larger than in the spring of 1939. The prospects for a large increase in the number of sows to farrow indicated in December 1938 Pig Crop report, on the basis of breeding intentions reported by farmers in early December.

With losses of pigs reported heavy in some sections, it may be that the average number of pigs saved per litter this spring was not so great as the record high average last spring. But despite the indication of some decrease in the average number of pigs saved per litter, it is still expected that the total number of pigs saved this spring was considerably greater than the total number saved last spring. The official estimates of the 1939 spring pig crop will be released in late June.

INCOME FROM HOGS REDUCED IN 1938

Cash farm income from hogs in 1938, totaling 874 million dollars, was about 5 percent smaller than in 1937. Except for 1936 and 1937, however, the income from hogs last year was the largest since 1930. The total volume of hogs and hog products sold off farms in 1938 was larger than in 1937; the reduction in income, therefore, was brought about by lower prices. The decline in prices from 1937 to 1938 resulted from larger marketings as well as the weaker consumer demand for hog products.

The accompanying table gives the estimates of cash farm income from hogs for the years 1924 through 1938 in the United States, the North Central States (Corn Belt) and other States. The changes in income from hogs for the 1924-38 period also are shown in figure 2 on the second page of this release.

It will be noted in the lower section of figure 2 that from 1924 through 1932 changes in the income from hogs in the West North Central States (Western Corn Belt) and in the East North Central States (Eastern Corn Belt) were not greatly different. But from 1934 through 1937, hog income in the East North Central States increased considerably more than in the West North Central States. In States other than the North Central States the increase was somewhat greater than in the East North Central States.

In 1937 the cash income from hogs in the Western Corn Belt (West North Central States) was 42 percent greater than in 1933; in the Eastern Corn Belt it was 97 percent greater; and in the States outside the Corn Belt the 1937 hog income was 148 percent greater than that of 1933. For the United States as a whole the cash farm income from hogs was 76 percent more in 1937 than in 1933.

These marked changes in the proportions of the total cash income from hogs for the whole country which were received in the various regions is primarily a reflection of the greater severity of the droughts of 1934 and 1936 in the Western Corn Belt than in other important hog producing areas. By far

the greatest decrease in feed grain production and in hog production was in the Western Corn Belt.

Cash farm income from sales of hogs
and hog products, 1924-38

| Year | North Central States | | | Other | United |
|-----------|----------------------|------------|------------|------------|------------|
| | East | West | Total | States | States |
| | 1,000 dol. | 1,000 dol. | 1,000 dol. | 1,000 dol. | 1,000 dol. |
| 1924 ...: | 301,229 | 604,659 | 905,888 | 158,087 | 1,063,975 |
| 1925 ...: | 360,517 | 763,061 | 1,123,578 | 195,034 | 1,318,612 |
| 1926 ...: | 394,241 | 821,084 | 1,215,325 | 191,887 | 1,407,212 |
| 1927 ...: | 345,129 | 689,724 | 1,034,853 | 202,646 | 1,237,499 |
| 1928 ...: | 330,165 | 691,589 | 1,021,754 | 196,712 | 1,218,466 |
| 1929 ...: | 353,888 | 753,834 | 1,107,722 | 189,043 | 1,296,765 |
| 1930 ...: | 302,943 | 683,046 | 985,989 | 149,511 | 1,135,500 |
| 1931 ...: | 206,644 | 470,760 | 677,404 | 96,824 | 774,228 |
| 1932 ...: | 129,213 | 244,093 | 373,306 | 71,286 | 444,592 |
| 1933 ...: | 166,515 | 275,457 | 441,972 | 81,894 | 523,866 |
| 1934 ...: | 165,990 | 272,070 | 438,060 | 82,571 | 520,631 |
| 1935 ...: | 236,474 | 313,006 | 549,480 | 121,913 | 671,393 |
| 1936 ...: | 308,121 | 491,896 | 800,017 | 164,665 | 964,682 |
| 1937 ...: | 328,250 | 392,212 | 720,462 | 202,790 | 923,252 |
| 1938 1/2: | 301,525 | 389,491 | 691,016 | 183,401 | 874,417 |

1/ Preliminary.

Estimates of cash farm income from hogs by States for the years 1924-37 were published in a report of the Bureau of Agricultural Economics on Income from Hogs, Section 3, Part I of a series of reports on Income Parity for Agriculture.

In the 4 years, 1934-37, the average annual pig crop in the Western Corn Belt was 40 percent smaller than the 1929-33 average. In the Eastern Corn Belt the 1934-37 average pig crop was about 17 percent less than the 1929-33 average. But in the States outside the Corn Belt the pig crop in the years from 1934 through 1937 averaged slightly larger than in the 1929-33 period. For the country as a whole the 1934-37 average pig crop was about 25 percent smaller than the 1929-33 average.

These marked changes in the number of pigs produced, of course, were reflected in somewhat similar changes in marketings of hogs by areas. The decrease in marketings in the Western Corn Belt was much greater than in other regions. The smaller marketings from 1934 through 1937 than in 1933 were accompanied by a considerable improvement in consumer demand, and as a result of both the smaller supplies and the improved demand, hog prices rose materially.

Combined spring and fall pig crops by regions
for selected years and periods

| Region | Average :1929-33 | 1933 | Average :1934-37 | 1937 | 1938 1/ |
|-----------------------|---------------------|----------------|---------------------|----------------|----------------|
| | Thou- sands | Thou- sands | Thou- sands | Thou- sands | Thou- sands |
| North Central States: | | | | | |
| East | 20,174 | 23,022 | 16,707 | 17,860 | 20,147 |
| West | 41,012 | 40,670 | 24,407 | 23,581 | 27,812 |
| Total | 61,187 | 63,692 | 41,114 | 41,441 | 47,959 |
| Other States | 18,845 | 20,508 | 18,555 | 20,466 | 23,129 |
| United States | 80,032 | 84,200 | 59,669 | 61,907 | 71,088 |

1/ Preliminary.

The advance in hog prices was about the same for the different areas of the country, and it was relatively greater than the decrease in marketings for the country as a whole. But with the proportion of the total marketings represented by marketings from the Western Corn Belt considerably smaller in the 1934-37 period than in 1933; the increase in farm income from hogs in the Western Corn Belt was much less than the increase in the hog income in the Eastern Corn Belt or in the States outside the Corn Belt. Stated in another way, the Western Corn Belt sold hogs for much higher prices from 1934 through 1937 than in 1933, but the number sold was much less than in 1933. The Eastern Corn Belt also had fewer hogs to sell from 1934 through 1937 than in 1933, but the reduction was much less than in the Western Corn Belt. The States outside the Corn Belt had almost as many hogs to sell from 1934 through 1937 as in 1933, and the prices received for hogs were considerably higher than in 1933.

The increase in the 1938 pig crop over that of 1937 was somewhat greater in the Western Corn Belt than in the Eastern Corn Belt or in the States outside the Corn Belt. As hog production had been reduced to such a low level in the Western Corn Belt during the drought years, it is probable that the recovery in prospect this year and next will be much greater in this area than in other areas, barring, of course, the recurrence of severe droughts. Such a development would result in an increase in the proportion of the total hog income going to Western Corn Belt producers, brought about either by greater increases or smaller decreases in the income from hogs in the Western Corn Belt than in other regions. This tendency was evident in 1938, when income from hogs in the Western Corn Belt was about the same as in 1937, while in the Eastern Corn Belt and in the States outside the Corn Belt the 1938 hog income was smaller than that of 1937.

Supplies of hogs and hog products, specified periods

| Item | Unit | : : : : : | | | | | Oct.-Sept. | | Oct.-Mar. | |
|----------------------------------|----------|-----------|-------|-------|----------|--------|------------|--------|-----------|-------|
| | | : : : : : | | | | | Average: | | : | |
| | | Mar. | Feb. | Mar. | 1928-29 | 1936- | 1937- | 1937- | 1937- | 1938- |
| | | 1938: | 1939: | 1939: | to | 37 | 38 | 38 | 39 | |
| | | | | | 1932-33: | | | | | |
| Hog slaughter under | | | | | | | | | | |
| Federal inspection: | Thou- | | | | | | | | | |
| Number slaughtered ^{1/} | sands | 2,610 | 2,890 | 3,229 | 46,363 | 34,142 | 34,580 | 19,608 | 21,733 | |
| Live weight: | | | | | | | | | | |
| Average | Pound | 226 | 230 | 230 | 231 | 221 | 234 | 229 | 229 | |
| Total | Mil. lb. | 594 | 666 | 741 | 10,723 | 7,538 | 8,089 | 4,482 | 4,967 | |
| Dressed weight: | | | | | | | | | | |
| Average | Pound | 172 | 174 | 175 | 175 | 164 | 175 | 172 | 172 | |
| Total | Mil. lb. | 447 | 501 | 564 | 8,069 | 5,586 | 6,046 | 3,356 | 3,720 | |
| Yield of lard per | | | | | | | | | | |
| 100 pounds live | | | | | | | | | | |
| weight of hogs ... | Pound | 13.1 | 13.6 | 13.4 | 15.2 | 10.9 | 12.4 | 12.1 | 13.1 | |
| Production of lard | Mil. lb. | 78 | 90 | 99 | 1,630 | 833 | 1,002 | 543 | 652 | |
| Apparent con- | | | | | | | | | | |
| sumption: | | | | | | | | | | |
| Pork, including | | | | | | | | | | |
| lard ^{2/} | do. | 464 | 463 | 551 | 7,171 | 5,601 | 5,795 | 2,923 | 3,274 | |
| Lard | do. | 57 | 72 | 74 | 961 | 756 | 777 | 382 | 481 | |
| Exports: ^{3/} | | | | | | | | | | |
| Pork | do. | 9 | 8 | 11 | 211 | 59 | 89 | 42 | 54 | |
| Lard | do. | 16 | 24 | 22 | 657 | 107 | 208 | 112 | 131 | |
| Imports of pork ^{3/} | do. | 7 | 4 | 5 | 6 | 72 | 57 | 30 | 24 | |
| Proportion of sows | | | | | | | | | | |
| in inspected | | | | | | | | | | |
| slaughter ^{4/} | Percent | 47.0 | 44.4 | 45.9 | 51.2 | 51.1 | 49.9 | 47.2 | 44.5 | |

^{1/} Bureau of Animal Industry.

^{2/} Represents apparent disappearance of federally inspected pork plus unrendered hog fats.

^{3/} United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh canned, and pickled pork. Lard includes neutral lard.

^{4/} Includes gilts.

Prices of hogs and hog products, specified periods

| Item | Unit | | | | | Oct.-Sept. | | Oct.-Apr. | |
|---|----------|-----------|-------|-------|-----------|------------|--------|-----------|-------|
| | | Apr. | Mar. | Apr. | Average: | | | | |
| | | 1938: | 1939: | 1939: | 1928-29: | 1936-: | 1937-: | 1937-: | 1938- |
| | | to | | | 37 | 38 | 38 | 39 | |
| | | | | | 1932-33: | | | | |
| | | :Dollars: | | | | | | | |
| Average price: | per 100: | | | | | | | | |
| Seven markets | pounds | 8.09 | 7.23 | 6.73 | <u>1/</u> | 10.28 | 8.33 | 8.42 | 7.32 |
| Chicago | do. | 8.28 | 7.43 | 6.92 | 6.99 | 10.49 | 8.47 | 8.60 | 7.45 |
| U.S. average price received by farmers | do. | 7.77 | 7.10 | 6.57 | 6.48 | 9.66 | 8.07 | 8.15 | 7.04 |
| Prices of hog products, Chicago: | | | | | | | | | |
| Loins, 8-10 lb. | do. | 19.92 | 17.34 | 17.10 | 17.07 | 22.28 | 19.68 | 18.37 | 16.45 |
| Hams, smoked, reg. No.1, 10-12 lb. | do. | 23.53 | 22.50 | 21.75 | 20.31 | 24.65 | 23.56 | 23.70 | 21.77 |
| Bacon, smoked, No.1, dry cured, 6-8 lb. .. | do. | 25.94 | 21.70 | 20.62 | 23.71 | 28.58 | 26.99 | 28.11 | 21.91 |
| Lard, refined, H.W. tubs | do. | 9.35 | 7.52 | 7.28 | 9.68 | 13.13 | 9.90 | 10.37 | 7.84 |
| Average price of No.3 Yellow corn, Chicago .. | per lb.: | 59 | 48 | 49 | 62 | 115 | 57 | 58 | 48 |
| Hog-corn price ratio: <u>2/</u> Chicago | Bushel | 14.1 | 15.6 | 14.2 | 11.6 | 9.2 | 14.8 | 14.8 | 15.5 |
| North Central States .. | do. | 16.8 | 18.4 | 16.7 | 12.9 | 9.4 | 17.6 | 17.6 | 18.2 |
| Proportion of packing sows in total packer and shipper purchases, seven markets <u>3/</u> | Percent: | 3.0 | 4.0 | 5.0 | <u>1/</u> | 15.0 | 13.0 | 6.0 | 6.0 |
| Average weight at seven markets | Pound | 242 | 246 | 248 | <u>1/</u> | 231 | 246 | 237 | 239 |

1/ Not available.2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.3/ Monthly figures computed from weekly averages.



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